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CHAPTER I

The Approach

The long-term objectives are to stimulate economic growth for the greatest common benefit and to bring the economy to a stage where growth can be sustained without further dependence upon external borrowing by the state. The immediate objective is to create employment and secure an increase in real income per head.

No significant improvement in the average level of purchasing power is possible by a redistribution of national income, or by raising wages to levels not matched by increases in production. Increased purchasing power is essential to any appreciable growth in industrial production. If under-employed resources can be utilized more productively and in the desired directions, further purchasing power should be generated; this, in turn, should lead to increased savings, more investment, and further growth. In a time of world capital shortage, a rise in domestic savings is vital to an adequate rate of economic growth.

The broad strategy of policy is—

(*a*) to ensure that domestic public savings, necessary not only for financing further growth, but also for the redemption of maturing debt obligations, are obtained without impairing the ability of private enterprise to expand;

(*b*) to provide the maximum support possible to the expansion of production which will strengthen the economy's net foreign exchange earnings;

(*c*) to augment scarce resources by encouraging an inflow of capital and skilled manpower into the country; and

(*d*) to raise standards of living by improved employment opportunities in both the developed and less-developed sectors of the economy.

Respective Roles of the Public and Private Sectors

Government believes that maximum economic growth can best be attained by maintaining a free enterprise economy. Government intervention in production, or in the operation of the price mechanism, will take place only if, and for as long as, private enterprise is unable, or unwilling, to implement projects likely to bring about a sustained net increase in the national product; or if, in the Government's opinion, the market mechanism requires to be regulated in the national interest.

Although the dominant role in production lies with business enterprise, Government has a responsibility to provide adequate public services to meet the needs of production and investment and of the community; to uphold law and order; to maintain a reasonably stable purchasing power for incomes and, generally, a climate which will encourage long-term investment prospects.

The Public Sector Investment Programme, 1965–68, is based on these premises. Economic services have been allocated a far larger proportion, some 89 per cent., of the rising total of development expenditure than those which do not directly assist production.

Fiscal Policy

Fiscal policy is no longer a matter of raising revenue to balance recurrent outlays. It is a delicate instrument which may be used as either a common brake or accelerator. To achieve its purpose, it must be wholly flexible and related to economic conditions at any point of time.

The influence of fiscal policy on a less developed economy is clearly limited. The Rhodesian economy consists of, on the one hand, a highly productive and complex agricultural and industrial economy and, on the other, a less developed economy with a rapidly-growing population dependent upon agricultural production within tribal areas for its livelihood. Thus fiscal measures have a much greater impact on the Rhodesian economy than on some less developed economies.

If a reasonable rate of economic growth is to be secured, investment and internal savings in Rhodesia must be increased; thus a greater volume of export income must be generated. Costs of the export industries must be kept as low as possible if the country is to maintain a satisfactory balance of payments position. A realistic fiscal policy must recognize these basic requirements and also provide incentives for risk-taking innovation.

The nature and extent of fiscal incentives will depend upon the growth of revenue, the demands for public services and the need for additional savings. There are limits to the revenues which can be raised in a less-developed country; for example, at the higher levels of incomes the need to induce a more rapid inflow of skilled manpower and enterprise and to stimulate private savings limits the progression of rates of tax.

The main rise in consumption of domestic goods and services will come from increased earnings within the lower income levels. This may mean an increasing resort to indirect taxation. The imposition of a greater volume of indirect taxation must obviously affect costs, including those of the export industries. However, the broadening of the base of indirect taxation has to be so arranged as to minimize the impact on costs of production and, in particular, on the viability of export producers.

Monetary Policy

Monetary policy will be moulded and adapted in the light of changing conditions towards achieving—

(*a*) reasonable long-term stability in the purchasing power of money;

(*b*) the maintenance of a strong and stable currency and a sound balance of payments position; and

(*c*) an internal supply of money adequate to meet the needs of a developing economy.

Increased Production and Employment

Agriculture. In the agricultural sector, the objective is self-sufficiency in all main foodstuffs. This objective can be attained immediately in the case of those commodities which can be produced domestically at reasonable prices. In the case of those which for the present can only be produced uneconomically, the aim will be to attain economic production as the result of research and experimental work. In addition, encouragement will be given to production of all commodities for which a profitable export market can be found, and of commodities which provide the raw materials for local manufacture. Employment growth in agricultural production, which will depend mainly upon production for export, will provide a large proportion of the required rise in total domestic purchasing power.

Traditional attitudes and apparent lack of opportunity to acquire the ideas and incentives of economic growth are impeding development in the African rural areas. Only education and more extension work can solve this aspect of the problem. There is provision in both the recurrent and capital expenditure programmes for the expansion of field advisory staff in the African rural areas, and also for the enlargement of training and demonstration services, for example, by expanding Chibero Agricultural College and establishing a training institute at Gwelo. Loan assistance is given to African producers who are already making progress towards increased production for the market, and the volume of credit made available through the African Loan Fund is being increased. The co-operative movement is being developed as rapidly as possible consistent with the ability to give proper guidance and supervision.

Some £750,000 per annum is allocated to primary development in the Tribal Trust Lands to alleviate both unemployment and under-employment, to improve subsistence incomes and to prepare for increased production of marketable crops and livestock. Substantial funds are being applied to roads and bridges, dips, fencing, irrigation settlement schemes and the provision of other water supplies directly in support of agricultural development.

The supply of funds through the Land and Agricultural Bank for medium and long term loans will be maintained at the maximum possible level.

New research stations will be established for the study of burley and oriental type tobaccos; research on virginia type tobacco will continue. In the agronomic sphere, the main emphasis in the Government's research programme for 1965–68 will be on breeding new varieties of maize, cotton, wheat, sorghums, legumes and potatoes. In the field of animal nutrition, the work on protein needs of ruminants is being followed by basic studies of energy metabolism and the use of high energy diets. A research programme has been mounted to study the contamination of groundnuts by mould-produced toxins, and measures have been taken to control the quality of edible nuts and groundnut cake. A new research station is being established in the Sabi-Lundi region, to meet the needs of the rapidly expanding development in the low-veld.

The Government's research programme will be supplemented by that of the Agricultural Research Council in the fields of soil productivity, animal nutrition, biochemistry, reproductive physiology, grain legume pathology, forest genetics, tsetse-fly biology and hydrology.

The investment programme of the public sector set out in Chapter III describes the proposed enlargement of handling and processing operations by statutory marketing organizations, including the establishment of further cotton ginneries. Pricing arrangements will continue to be a major instrument of policy in relation to commodities handled by the statutory agencies.

Mining. The objective is to promote the discovery, exploration and development of Rhodesia's mineral resources, with emphasis on local beneficiation and processing of ores wherever this will enlarge the net return to the economy.

Traditionally, policy has been to leave to private enterprise the function of direct exploitation of the mineral resources of the country. Government support has been provided through the medium of metallurgical, mining engineering, geological and, to a limited extent, marketing services. Exploration assistance, with repayment related entirely to the success of the project, has been developed to reduce risks to a level from which private enterprise may be reasonably induced to proceed independently. Direct financial assistance by means of loans or by hire of mining plant and equipment is provided through a fund administered by a Mining Affairs Board. Additionally, the income tax structure provides substantial reliefs and concessions.

A Mining Promotion Council, appointed in 1964, has formulated development proposals which are being considered by Government. In the interim, Government has agreed to new priorities for support to mining enterprise from the Mining Loan Fund.

Priority is given to those minerals—

(*a*) for which there is a ready market;

(*b*) in which price fluctuations are unlikely to be very wide; and

(*c*) which command a price which shows a satisfactory net profit to the economy.

Within this field mineral deposits already located, whether dormant or currently being worked, are given preference. Government will enter into the field of exploration, but will confine its interest to properties involving a risk rather higher than that normally accepted by private enterprise. The principles governing loan assistance have been altered so as to relate the terms of repayment, and the extent of personal liability of the entrepreneur, to the degree of risk involved in a mining proposition.

Loans for propositions involving no abnormal risks are available at a rate of interest somewhat lower than the normal market rate, and on conditions involving the entrepreneur in full liability irrespective of the outcome of the project. For propositions involving greater risks two categories of loan assistance are available. Loans for speculative development are available at a medium rate of interest (currently 9 per cent.) and on conditions whereunder, if the project proves unsuccessful, the personal liability of the entrepreneur is limited to 50 per cent. of the total sum involved. Loans for exploration are based on the concept that the loan is made against the mine rather than against the owner although, in practice, promissory notes and hypothecation of claims are required. Government's claims are not invoked in the event of failure. However, if the exploration carried out with Government loans proves that production would be viable, the funds used are repayable by the

entrepreneur, together with a relatively high interest rate (currently 12 per cent.); failing which, the Government is empowered to recover its investment by selling the property.

As regards other measures for attaining the objective—

(*a*) the plant hire service is being continued and, subject to the availability of funds, expanded;

(*b*) advice on engineering, geological, metallurgical and marketing problems, and facilities for assaying, are provided; studies are being undertaken with a view to encouraging the development of processing activities;

(*c*) the question of a reduction of areas of exclusive prospecting orders is to be reviewed; and

(*d*) efforts will be continued to assist Africans to establish themselves as miners.

Manufacturing. The objective is to promote a pattern of industrial growth which will generate, as rapidly as possible, a large addition to the national product, and which will stimulate employment.

Selective assistance is given to industries which—

(*a*) will provide increased employment directly in the industry concerned and indirectly in other industries;

(*b*) will keep costs and prices down to the maximum extent;

(*c*) will increase the proportion of domestic to external resources used in manufacturing industry and throughout the economy;

(*d*) will specifically promote the development of vertical industries on an economic basis; and

(*e*) are likely to become profitable within a relatively short period.

As regards fiscal incentives, substantial allowances are granted within the income tax structure. The income tax rates compare favourably with those of most countries at an equivalent, or more advanced, stage of development. The customs tariff in most cases affords a degree of protection for domestic manufacturers; it also allows the import of producers' goods either free or at low rates of duty.

The granting of protection is normally conditional upon an undertaking by the recipients not to raise their prices without prior approval of the Government. Protection is guaranteed in advance of production only where circumstances warrant such action. In considering the grant of reductions, suspensions or rebates of duty on parts and materials used in manufacture, the following considerations are taken into account—

(*a*) whether the parts, or materials, or acceptable substitutes for them, are available locally in adequate quantity and quality and at reasonable prices;

(*b*) whether a genuine industrial operation is involved, and the local content in terms of labour and materials is significant in relation to the ex-factory cost of the finished product;

(*c*) whether effective control of the concession can be maintained; and

(*d*) whether the value of the concession is reasonable in relation to the impact on Government revenue and the cost of administration.

The replacement of imported supplies by locally-produced materials is encouraged and concessions are normally withdrawn once acceptable local materials become available.

Drawback of duty on parts and materials used in manufacture is normally granted on the export of the finished product provided that these items can be identified and administrative control is practicable.

Direct initiative by the Government in the promotion of industrial development will be in two main directions, mainly—

(*a*) the study of projects likely to make fuller use of available resources, to stimulate vertical integration of industry and to strengthen the balance of payments position; and

(*b*) the encouragement of private enterprise by the Ministry of Commerce and Industry, or through the medium of the Industrial Development Corporation, to embark upon such projects as the studies deem to be suitable.

Major projects currently under investigation by the Ministry of Commerce and Industry, in collaboration with private enterprise, include—

(*a*) the establishment of a nitrogenous fertilizer industry and an explosives industry to meet mining requirements;

(*b*) the expansion of the ferro-alloy industry; and

(*c*) the fuller utilization of local timber resources.

The Industrial Development Corporation, established by Government to facilitate, promote, guide and assist in the financing of new industries and the expansion of existing industries, is required to deal with all development projects strictly on their economic merits. Its principal role is to investigate viable projects for industrial expansion and to bring together managerial, technical and financial resources necessary to implement such projects. The Corporation has a special role to play in attracting and integrating foreign investment and technology with local experience and capital participation. The Corporation, with Government approval, may establish and operate specific industrial undertakings where it cannot attract private enterise, and particularly where the Government wishes to encourage development of a project for which private finance is not available. Private enterprise would be encouraged to take over such projects from the Corporation at the earliest opportunity.

A stimulus will be given to the building and construction sector, and indirectly employment, by placing a substantially greater volume of public works projects with private contractors than has been done in recent years.

Wage Determinations

Wage determinations under the Industrial Conciliation Act will be left, in the main, to free negotiation between management and labour. It is Government policy that there should be an adequate minimum wage level for each job in each industry covered by the Act; there is no underpinned national minimum wage; nor does Government seek to impose restraints on the maximum remuneration which may be paid in terms of the powers exercisable under the Act.

External Trade Policy

The immediate objective of the Government's tariff and trade policies is to seek out and open up market opportunities on the most favourable basis obtainable for Rhodesia's existing and potential exports. Trading relations with as many countries as possible are being established.

Although manufactures, as a group, make a major contribution to exports, the export of primary and semi-processed commodities will continue to be vital to Rhodesia's economy. Government will support any reasonable concerted measures to promote a general expansion of trade with the industrial nations through the removal or lowering of existing barriers to international trade.

In support of the National Export Council, and the services provided by the Export Promotion Section of the Ministry of Commerce and Industry, permanent trade missions have been established at Bonn, Johannesburg, London, Lourenço Marques, Washington and Tokyo. A roving Trade Commissioner is based at the Ministry's headquarters. Additional missions will be opened in Europe in the period 1965–68.

Immigration and Foreign Capital

The growth of Rhodesia's own capital, technical skill and management capacity must be supplemented by an inflow from abroad. Any increase in the national stock of scarce skills must rely not only on education and training, but also on the creation of, and publicising of, investment opportunities which will induce their own natural inflow of capital and skills. Limited assistance for immigrants' passages is provided by Government on a selective basis.

Direct expenditure on investment promotion must necessarily be regarded as a supplementary stimulus to fiscal, monetary and industrial policies, and the provision of adequate public services. In the present conditions of competition for scarce capital among developing countries, and lack of knowledge in many countries of the opportunities which exist in Rhodesia, there is an urgent need,

firstly, to bring to the knowledge of outside investors specific development opportunities which clearly require outside leadership and financial participation and, secondly, to assist the progressive local entrepreneur whose investment plans cannot be implemented because of lack of capital or of lack of technological support.

In close collaboration with, and supported by financial and other assistance from the Rhodesian Promotion Council, arrangements will be made for missions comprising bankers and industrialists from developed countries to visit Rhodesia for personal appraisals of the scope for participation with Rhodesian enterprises.

CHAPTER II

Prospects

Capital inflow into Rhodesia has not been maintained at the levels of the mid-1950's and greater reliance has therefore had to be placed on ensuring a favourable balance of payments on current account. This in fact is what occurred in 1964 when a favourable balance of £3,000,000 emerged on current account. This trend will have to be maintained. For this reason the emphasis must be on improving Rhodesia's trading position by substantially increasing exports and at the same time avoiding any large increase in imports.

The unit values of a wide range of imports rose fairly sharply in 1964 and there was a marked deterioration in the terms of trade. Import costs are likely to show further increases in the next 12 months. The expansion of the economy will entail increased imports. There is, however, scope for the substitution of imported goods by locally produced or manufactured goods which could lead to a substantial reduction in real costs. An example is the domestic manufacture of nitrogenous fertilizers. Although world market prices for primary products may improve to some extent, manufactured exports will face stiffer competition.

Because of the large investments from abroad, total income payments abroad have been rising in recent years to around £14–£15 million per annum; these payments will continue at a high level. In the public sector, external loan repayments by Government in 1965–66 and 1966–67 will be about £2·5 million and £3·4 million respectively; there will be a fall to £1·6 million in 1967–68 followed by a sharp rise to £5·25 million in 1968–69. These external debt repayments will pre-empt a substantial proportion of future public sector borrowing. Against this background, therefore, the importance of increasing national exports becomes more obvious; export receipts provide the foreign exchange to meet both income and debt payments abroad.

The population is increasing by some 3½ per cent. per annum. An increase in Gross National Income of over 3½ per cent. per annum, at constant prices, will be needed to raise real income per head. The growth rate needed for any significant rise in real income per head will necessitate a much larger volume of capital formation than has been achieved since 1962. Estimates for the period 1954–63 indicate that a rate of growth equivalent to about 4 per cent. in real terms required, annually, a volume of gross fixed investment equivalent to 25 per cent. of the Gross Domestic Product.

It would be misleading to assume that fixed investment of this magnitude would be indispensable to the achievement of the same rate of growth in the years 1965–68. Much of the investment in the public sector in the years 1954–58 was essential to create basic public services. In the period up to mid-1968, comparatively moderate investment in extensions or renewals of such infrastructures should be adequate to meet the known production plans of the economy as a whole. Moreover, in the private sector a large proportion of investment in building, made in years when total fixed investment was at high levels, is only now beginning to lead to any appreciable increment in gross product. Provided that capital formation in the private sector is concentrated on the development of primary production and manufacturing industry in the coming three years, it should prove possible to secure an adequate rate of growth of Gross Domestic Product with total fixed capital formation at a level less than 25 per cent. of the Gross Domestic Product.

In order to meet estimated requirements for services in the public sector, investment in such services will need to rise from the 1964–65 level of £17·3 million to £26·2 million in 1965–66 and £28·3 million per annum in 1966–67 and 1967–68. Details of public sector investment appear in Chapter III.

The inflow of immigrants and private capital was greater in the early months of 1965 than during the same period in any of the past four years. However, since the extent to which private capital inflow will continue to increase is unknown, it is important to attain a higher ratio of personal savings to income. Total domestic savings in 1964 were estimated to lie between 16 per cent. and 19 per cent. of the Gross Domestic Product; personal savings, however, were probably less than 10 per cent. of incomes after payment of taxes.

The opportunities for development justify the hope that the rate of growth attained in 1964 can be greatly improved upon in the years up to 1969. On the basis of known production intentions and the opportunities for new development, there is reason to expect, not only that the rate of growth attained in 1964 can be bettered, but that an annual rise of between 4 and 5 per cent. in the Gross Domestic Product can be attained, in real terms, by 1969.

AGRICULTURE

The total number of cultivators in the Tribal Trust Lands is expected to increase at an average rate of 5 per cent. per annum. Many of the additional cultivators will need to be settled in new areas requiring primary development. It is estimated that in the tribal and less-developed areas, nine-tenths of the grains produced are retained for domestic consumption, only one-tenth being marketed. There is scope for a substantial increase in production by means of a selective and relatively moderate expansion of investment and of advisory services in the African rural areas. The greater part of this expansion in output will find its way into markets and therefore enlarge the cash economy.

The development programme for African agriculture envisages the raising of annual gross income by £16 million, over £9·5 million of this being income over and above the subsistence product generated. Net annual incomes are expected to rise by over £3·5 million and, assuming the seasons are not unfavourable, these targets should be attained by 1967–68. The principal crops for development are maize, cotton, groundnuts, burley and oriental type tobaccos, and certain sorghums for which there are export possibilities if quality and yields can be improved. Although market prospects for cattle are good, much will depend on the willingness of African producers to sell surplus stock.

Within the European land areas there remains little undeveloped crown land. The only new area likely to be used for large-scale farming comprises some 600,000 acres in the dry Sabi-Lundi region. Nevertheless, there is ample scope for profitable intensification of production in the established areas. Government policy aims at encouraging further subdivisions of holdings for land settlement on schemes of contributory purchase and tenant farming.

Research has led to increased yields for many forms of crop and livestock production and national average yields for some commodities are still far below the potential demonstrated by research stations.

The prospects for substantial increases in output of burley and oriental type tobaccos are good, provided that the quality is maintained..

About 330,000 tons of sugar will be available for export by 1967.

Marketing arrangements are being planned for an intake rising to about 5,700,000 bags of maize and 700,000 bags of groundnuts per annum during the period up to 1968–69. The amounts available for export by the end of this period have been assessed at 3,400,000 bags and 370,000 bags per annum respectively.

The Rhodesian spinning industry uses local seed cotton to the fullest extent possible. The annual domestic requirement, hitherto about 30,000,000 lb., is expected to approach some 42,000,000 lb. by 1966–67. An annual output of about 75,000,000 lb. is expected by 1968–69. The surplus will become available for export. The quality of locally grown cotton is such that it can be expected to compete successfully in world markets.

Plans for the lowveld region envisage the export of up to 190,000 cases of citrus by 1967–68. On various other estates, 230,000 trees have been planted, of which nearly 100,000 are in bearing. One development programme alone envisages an extension of planting to over 450,000 trees in all, which would result in a doubling of output within 10 years.

Tea production from the present area of 6,200 acres is expected to reach 8,000,000 lb. by 1969–70. Existing producers have an additional 15,000 acres suitable for planting. There is a promising potential for the production of fine quality coffee in the Eastern Highlands and certain other areas, although full production from recently-established estates will not be reached until about 1971. Significant increases are expected on the present small output from orchards of deciduous fruits by 1967–68.

Holdings of cattle by European and African producers total about 3,500,000 head. Incentives recently introduced into the pricing system, current research into calving mortality rates, and develop-

ments in nutritional practice and feeding systems should lead to a greatly increased turnover of younger, heavier slaughter animals. The total offtake for slaughterings is expected to increase annually by 10,000 to 13,000 head, with a consequential increase in exports.

Imports of mutton and lamb in 1964 totalled 1,700,000 lb. The domestic market is worth £250,000. Increased interest in sheep farming with breeds suitable for Rhodesian conditions is likely to expand slaughterings to a level of 150,000 head a year which would meet local demand.

MINING

The mineral output of Rhodesia is to a large degree exported in an unprocessed state. An important part of the output is, however, applied to meet internal market demands and emphasis is being placed upon expanding such demand. As a matter of policy, encouragement has been given to the installation of processes of beneficiation prior to export; the remission of royalties on minerals domestically consumed or processed has promoted this policy. The reserves of base minerals in the country are on the whole sufficient to support substantial increases in output under favourable conditions of demand.

Although price trends are no more reliably predictable for ores and primary metals than for other primary commodities, the long-term downward trend in prices of minerals exported from Rhodesia appears to have halted.

The output of asbestos, which was valued at £6,848,000 in 1964, is likely to be expanded in the period under review following upon a marked improvement in demand. The main producers are well equipped to meet an expansion in output.

Gold production which was valued at £7,229,000 in 1964 is likely to be maintained at present levels for the period to 1967. Rising costs have meant that, in order to remain payable, operations have become increasingly dependent upon the ability to raise the gold recovery grade per ton milled, with inevitable wastage of low-grade ore.

Copper mining is another important item in Rhodesia's mining industry. The value of the output in 1964 at £4,156,000 put copper in third place in the value of mineral production. Subject to demand and price being maintained some further increase in output, which is in the form of fire-refined copper, may be expected during the next few years.

The downward trend in chromite prices appears to be reversing to some extent. Output for 1964 was valued at £2,219,000. Mine capacity is well equipped to meet substantially increased output should market demand be favourable.

The output of coal from the Wankie Colliery, the demand for which contracted mainly as a result of the construction of the Kariba hydro-electric scheme and the consequent conversion from thermal to hydro power, is once more expanding due to industrial demand. Requirements for coking coal for the expanding iron and steel industry will increase substantially. Sales in 1964 were valued at £3,432,000.

Tin production valued at £624,000 in 1964 is likely to be well sustained. Production of several of the lesser minerals, such as magnesite, nickel concentrates and antimony, has been rising steeply in response to firm prices and markets. Mining of graphite deposits for export will shortly be undertaken. Active interest is being taken in unworked deposits of many minerals, particularly nickel.

Iron ore exports are expected to rise from the 1964 volume of 316,000 tons to 660,000 tons per annum by 1967. The output of iron ore for additional blast furnace requirements at Redcliff will also be increased.

An examination is being made of the economics of treating magnesite by calcining and electrofusing for use in metallurgical production. The possibility of electronickel processing is also being studied.

On the basis of probable market trends, the value of mineral output, as a whole, is expected to be maintained at not less than £30 million per annum in the period 1965–68, and it may well show some rise from this level after 1965.

MANUFACTURING

The projected development of primary industries, particularly of agriculture, will undoubtedly expand the home market for manufacturing industry. A further impetus will be given to expansion by the introduction of new industries which substitute domestic production for imports. Substantial growth of the manufacturing industry in the next few years will, however, mainly depend upon success in retaining and expanding export markets. The foundations for this growth in sectors such as basic metals and food products have either been laid or are in an advanced stage of preparation. The new trade agreement with South Africa came into force in December, 1964, and the prospects for increased exports to that market are favourable. In other export markets there are good opportunities for manufactures which Rhodesia can produce with comparative advantage, especially products based on mineral resources.

The bulk of imports consists of producer goods; and there is particular scope for import substitution in primary steel products and chemicals. In the chemical field steps are being taken which, if successful, will bring about the production in 1968 of the country's requirements of nitrogenous fertilizers and blasting explosives. This major development should save between £2 million and £2·7 million net in foreign exchange per annum, depending upon the origin of the feedstock used. Moreover, if Government's aim of obtaining nitrogen for farmers at a lower price is achieved, this will lead to greater usage and an increased volume of agricultural production. With ammonia and nitric acid available from the fertilizer factory, other developments in chemicals will be possible.

The maturing softwood timber resources of the Eastern Districts offer prospects for the substantial production of chemical pulp. Although the economic feasibility of entering the export market has yet to be established, an expansion in chemical pulp manufacture to meet local requirements is probable.

Production capacity for the manufacture of sulphuric acid is being more than doubled to meet the increasing requirements of the phosphatic fertilizer industry, the metallurgical industries and other industrial consumers.

The Feruka oil refinery, which commenced production in May, 1965, is designed to process nearly a million tons of crude oil annually, and to supply the country's requirements of petroleum products other than aviation gasolene and lubricating oils. As a source of feedstocks for the chemical industry, the refinery is capable of providing bitumen, kerosene fractions, solvents, propane, butane, petroleum coke and sulphur.

A significant development being sought during the period under review is the expansion of the iron and steel industry. The first stage of a two-stage expansion programme of the Redcliff Works of the Rhodesian Iron and Steel Co. Ltd. is being implemented and is expected to be completed within two and a half years, i.e. by the 31st December, 1967. The total investment involved in this first-stage development is some £7 million. Examples of the benefits to the economy are the additional mining of 800,000 tons of iron ore per annum, 345,000 tons of coal per annum, 130,000 tons of limestone, the additional consumption of 39,000,000 units of electricity and additional foreign exchange earnings of £7·7 million per annum. Equipment is already being installed to increase the present steel output of the works by 25 per cent.

Plans have been announced by one producer of ferro-alloys for the trebling of 1964 output by the end of 1966. Another producer has under consideration the installation of additional furnaces. Total output of ferro-alloys, 25,000 tons in 1964, may show a threefold expansion by 1968.

In the textile industry, an expansion of spinning and weaving capacity will provide for an additional annual output of 4,000,000 lb. of lint, 5,000,000 lb. of yarn and 10,000,000 sq. yds. of cloth. The additional gross value of yarn and cloth production will be about £2 million per annum.

The motor assembly industry is producing additional types of vehicles under franchise arrangements and further production of motor vehicle components is expected; 1964 exports of motor-cars and trucks were valued at £2 million. A manufacturer in the radio and television industry has announced an investment programme which will increase export sales by £1 million per annum; exports in 1964 totalled £1·7 million for the industry as a whole.

The expansion and replacement programme envisaged for the railways is expected to lead to substantially increased orders for the assembly of rolling stock. Irrigation development projects will assist in maintaining markets for cement and industries in the non-metallic minerals group.

In summary, manufacturing industry should substantially increase its output in 1965 and subsequent years, and it seems reasonable to assume that, in addition to new production of petroleum products, there will be higher levels of output in the production of iron and steel and metal products, textiles and clothing and chemicals. Production of wood products, and furniture, and of foodstuffs as a whole, should be maintained, and the output of industries based on non-metallic minerals is likely to show a return to the level of 1959–60.

Forecasts of rail traffic for Rhodesia indicate that the rate of increase achieved in 1964 is likely to be greater in the next five years. In the longer term the projected major expansion of metallurgical industries in the Midlands will alone add 650 million net ton miles per annum to the estimated traffic. This represents an increase of some 14 per cent. in railway traffic movement, and will involve additional capital outlay of over £10 million. Long-term forecasts indicate that the cost of renewals of track and bridges in the next 15 years will be in the region of £22·5 million, and that in the first five years, such expenditure will need to average about £1·4 million per annum.

The estimated load growth of the Kariba and interconnected thermal system is expected to average 7·2 per cent. annually in the years 1965–68. The average growth rate forecast for the Electricity Supply Commission's undertakings is not less than 8 per cent. per annum. An examination is being made by consultants as to the timing of the implementation of the second stage of the Kariba scheme.

CHAPTER III

Investment Programme of the Public Sector, 1965-68

The investment programme of the public sector during the three-year period 1965–68 is summarized in Appendices A and B. The programme reflects gross investment, including replacements and takes into account all investment whatever the source of finance, e.g. Government loan and revenue votes; internal resources of statutory corporations; contractor finance, etc.

Some of the main considerations which were taken into account in judging the priorities of the various projects were—

(*a*) the extent to which projects have been committed or can be considered as inescapable obligations;

(*b*) the need to stimulate increased productivity in the subsistence economy;

(*c*) the need to create employment;

(*d*) the need to ensure that no bottlenecks arise in basic services for which Government is responsible;

(*e*) the need to improve the balance of payments;

(*f*) the need to seek investment which results in a quick and relatively high return in the form of increased production of goods and services, which has a high reinvestment potential, and which does not involve Government in heavy recurrent expenditure on revenue votes; and

(*g*) social and administrative factors.

Emphasis is given in the investment programme to economic services which during the period 1965–68 account for 89 per cent. of total expenditure. The balance is made up of social services (4 per cent.) and general and administrative services (7 per cent.). The main sectors for proposed investment within the category of economic services are agriculture and transport. It is estimated that about 36 per cent. and 29 per cent. of total investment will be incurred in these two sectors respectively.

Estimated resources available for financing the investment programme are shown in Appendix C. The sum to be borrowed each year accords roughly with the maximum amount of additional borrowing that can reasonably be expected to take place in order to finance both the expenditure programme and loan repayments. If borrowings do not match expenditure precisely, reconciliation will be effected by variations in the amount of floating debt.

More detailed notes follow in respect of individual items of the investment programme:

MINISTRY OF TRANSPORT AND POWER

(i) CIVIL AVIATION (ITEM 1)

£'000

	1965–66	1966–67	1967–68	Total
Loan votes—				
Department of Works	173	40	57	270
Ministry of Transport and Power	311	15	—	326
Estimated capital expenditure from revenue votes	100	80	60	240
TOTAL	584	135	117	836

The allocation on loan votes provides for the following—

	£'000
Department of Works vote (Buildings)	
Buffalo Range—Airport terminal and ancillary services .	45
Victoria Falls—Airport terminal and ancillary services .	118
Other buildings including minor works and additions .	107
Ministry of Transport and Power vote	
Buffalo Range—Completion of runway and apron . .	55
Victoria Falls—Completion of runway and apron . .	180
Investigations, planning and minor works	91
TOTAL	596

The major part of the provision is to be applied to committed work on the new airports at Buffalo Range in the lowveld and at the Victoria Falls.

It is estimated that capital expenditure will be incurred on revenue votes to a total of approximately £240,000. The major portion of this estimate relates to expenditure on new equipment for telecommunications and navigational aids.

The present runway at Salisbury International Airport was brought into operation in 1952 and since 1956 it has been loaded to its maximum. It is reaching the end of its life and will shortly require reconstruction. The preparation of plans and specifications is now proceeding on Stage I of the project, which involves lengthening and strengthening the runway, and provision has accordingly been made in the contingency item (Item 43) for works which may become necessary during the period covered by the Development Plan. Expenditure on Stage II will not be necessary during the period of the Plan.

The maximum total weight of the new B.A.C. 1-11 aircraft to be purchased by C.A.A. has been increased, and it is not yet known whether its performance characteristics will require a runway extension to be built at Bulawayo. In any case, it is unlikely that expenditure will be incurred on these works before the financial year 1966–67.

(ii) CENTRAL AFRICAN AIRWAYS CORPORATION (ITEM 2)

£'000

	1965–66	1966–67	1967–68	Total
Own resources and other finance . . .	10	2,275	297	2,582

The Corporation is jointly owned by the Governments of Rhodesia, Zambia and Malawi; Rhodesia is responsible for guaranteeing (where necessary), or providing, 45 per cent. of any additional capital required, and the above table therefore represents that proportion of the Corporation's proposed investment programme during the period of the Plan.

A breakdown of the Corporation's tentative total investment programme for the period in question is given below—

	£'000
Regional jet aircraft	1,174
Long-haul jet aircraft	3,800
Replacements of D.C. 3 aircraft	625
Land, buildings and improvements	25
Plant and equipment	116
TOTAL	5,740

As far as expenditure on aircraft is concerned, this programme is for the present a contingency provision. If the expenditure had to be incurred, the Corporation would expect to raise the finance mainly from outside sources, guaranteed by the Governments in the agreed proportions where necessary.

Under an agreement between the Corporation and B.O.A.C. the latter operates the trunk route to Britain and makes a fixed payment to C.A.A. This agreement expires on 30th June, 1967. The provision for long-haul jet aircraft is to allow for the contingency that the agreement will not be renewed or repeated thereafter and that C.A.A. would then operate the route for its own account. The Corporation are assuming that in this event the necessary finance would be raised from outside sources.

The programme for buildings, plant and equipment is designed to cater for the replacement of obsolescent equipment, to provide for expansion and for the changing requirements of airlines for whom the Corporation acts as an agent. The Corporation proposes to finance this expenditure entirely from its internal resources.

(iii) RHODESIA RAILWAYS (ITEM 3)

£'000

	1965–66	1966–67	1967–68	Total
Own resources and other finance—				
New investment	3,935	2,845	1,714	8,494
Renewals	778	873	1,011	2,662
TOTAL	4,713	3,718	2,725	11,156

The Rhodesia Railways are owned equally by Rhodesia and Zambia and in terms of the inter-Governmental agreement relating to the Railways, injections of new capital are normally made equally by the two countries. For these reasons the table above represents one-half of the expected railway investment in the period of the Development Plan.

A break-down of the Rhodesia Railways total investment during the period of the Plan is given below—

	£'000
New Investment—	
Locomotives and rolling stock	8,740
Permanent way, etc.	1,954
Traffic and operating facilities and water supplies	819
Workshops, plant and machinery	671
Road Motor Services	322
Housing	1,827
Miscellaneous	2,655
	16,988
Renewals	5,324
TOTAL: Gross capital expenditure	22,312

Traffic on the Rhodesia Railways is increasing as the following figures shew—

	Net ton miles (millions)
Year ended—	
30th June, 1963	4,611
30th June, 1964	4,686
31st March, 1965	5,053

The estimated demand over the period of the Development Plan, arrived at after consultation between the Railways, the Governments and other interested bodies, shows that the rate of increase will probably be accelerated over this period. The provision of adequate railway capacity is vital if growth of the Rhodesian economy is not to be impeded.

The Railways expect to meet their normal development expenditure from their own resources, by investing their reserves in their own undertaking and by maintaining their present ratio of profitability. In the case of rolling stock they will endeavour to conserve their resources by arranging special finance where possible.

A nominal amount of £500,000 has been earmarked for provision to be made in loan votes during the last two years of the Plan to meet the cost of any extraordinary development which cannot be financed from the Railways' own resources. Provision has accordingly been made in the contingency item (Item 43).

(iv) CENTRAL MECHANICAL EQUIPMENT DEPARTMENT (ITEM 4)

£'000

	1965–66	1966–67	1967–68	Total
Loan votes—				
Department of Works	12	4	4	20
Own resources—				
New investment	80	80	80	240
Replacements	440	450	460	1,350
TOTAL	532	534	544	1,610

The provision for buildings made under the Department of Works item will enable modest improvements to be put in hand at the various workshops and offices throughout Rhodesia. The provision for other new development includes possible commitments in respect of a jetty, floating dock, breakwater and landing stage at Lake Kariba.

(v) METEOROLOGICAL SERVICES (ITEM 5)

£'000

	1965–66	1966–67	1967–68	Total
Loan votes—				
Department of Works	8	3	3	14
Estimated capital expenditure from revenue votes	6	21	4	31
TOTAL	14	24	7	45

The requirement from loan votes is to be applied in the main to the provision of adequate meteorological services at the Buffalo Range and Victoria Falls airports. The balance of the provision is for minor projects at existing stations.

The estimated capital expenditure from revenue votes includes new technical equipment for various meteorological stations in Rhodesia.

(vi) CENTRAL AFRICAN POWER CORPORATION (ITEM 6)

£'000

	1965–66	1966–67	1967–68	Total
Own resources and other finance . . .	18	37	1,107	1,162

The Central African Power Corporation is owned jointly by the Governments of Rhodesia and Zambia and is responsible for operating and developing the Kariba Hydro-Electric Scheme, including the 330 kV. transmission network interconnecting Kariba, Bulawayo, Umniati, Salisbury, Lusaka and the Copperbelt.

The full Kariba undertaking comprises two stages. Stage I includes a dam in the Kariba Gorge, an underground power station in the south bank with a maximum capacity of over 705 mW. and the associated 330 kV. transmission network. Stage II includes an underground power station in the north bank of the Zambezi River and the strengthening of the 330 kV. transmission network. Expenditure on Stage I of the Kariba project amounted to £78 million at 30th June, 1965. The Corporation is required to accumulate revenue surpluses sufficient to finance not less than half the cost of future development, including Stage II of the Kariba Hydro-Electric Project. This obligation flows from an agreement with the International Bank for Reconstruction and Development which was one of the main lenders associated with Stage I of the project.

The rate of load growth is estimated to be 7·2 per cent. per annum over the next three years.

The Corporation's overall programme is set out below:

£'000

	1965–66	1966–67	1967–68
Kariba Project—			
Stage II			
(*a*) Kariba/Kitwe transmission line and associated works	3,320	1,100	200
(*b*) North bank power station	30	70	2,160
Other expenditure: Stores and administrative assets .	6	5	55
TOTAL	3,356	1,175	2,415

The figures reflected in the above table do not appear in total in the Rhodesian Development Plan because only part of the expenditure is associated with development in Rhodesia. The figures shown in the plan are calculated on the basis of 50 per cent. of the total expenditure, excluding expenditure on the Kariba/Kitwe transmission line. It is expected that the development programme will involve no contribution from Government loan funds, and that it will be financed partly from revenue surpluses of the Corporation and partly from external loans made direct to the Corporation.

(vii) ELECTRICITY SUPPLY COMMISSION (ITEM 7)

£'000

	1965–66	1966–67	1967–68	Total
Loan votes—				
Ministry of Transport and Power	420	727	1,520	2,667
Own resources	347	288	43	678
TOTAL	767	1,015	1,563	3,345

The main sources of power available to the Commission are—

(*a*) the Central African Power Corporation;

(*b*) Mocambique, in respect of supplies for the Eastern Districts of Rhodesia; and

(*c*) thermal and hydro generation in areas which are not fully inter-connected with the Central African Power Corporation system.

Sales of electricity during the financial year 1963–64 increased by 13·4 per cent. over the previous year. Although the main increase related to the expansion of certain metallurgical industries in the Midlands, growth was widespread. The average growth rate forecast over the period of the Plan is not less than 8 per cent. per annum.

The expenditure programme is set out in more detail below:

	£'000
Generation	224
Transmission	1,861
Distribution	754
Buildings, tools and equipment	206
Provision for potential projects	300
TOTAL	3,345

MINISTRY OF ROADS AND ROAD TRAFFIC

ROADS, INCLUDING ROAD COUNCIL LOANS (ITEM 8)

£'000

	1965–66	1966–67	1967–68	Total
Loan votes—				
Department of Works	44	—	—	44
Ministry of Roads	1,500	1,730	1,900	5,130
Estimated capital expenditure from revenue votes	40	45	50	135
TOTAL	1,584	1,775	1,950	5,309

The majority of the works included in the Plan relate to the improvement and realignment of the existing main road system. The design standards of the main roads linking centres of population and other roads that will carry a considerable amount of traffic allow for a speed of 60 m.p.h. and an 18,000 lb. axle loading.

Provision has been made in the votes of the Department of Works for the construction of a new Central Road Laboratory in Salisbury.

The programme of road and bridge construction is based on departmental spending of the order of £1·25 million per annum. The balance of the proposed expenditure, save for the sum of £95,000 which will take the form of loans to road councils, will be let out to private contractors. The provision for road and bridge construction in 1965–66 is summarized in greater detail below:

	£'000
Skyline–Chipinga Junction	50
Salisbury–Shamva	35
Gwelo–Selukwe	12
Salisbury–Mrewa	110
Salisbury–Enkeldoorn–Umvuma–Fort Victoria	330
Simoona–Bindura	100
Tsatsi–Umvukwes	140
Ngundu–Chiredzi	90
Bulawayo–Victoria Falls	348
Umtali–Fort Victoria	140
Northern border road	120
	1,475
Road council loans	25
TOTAL	1,500

In addition to the above expenditure, provision is made on revenue votes for surveys, field housing, hutting and fixed camps.

MINISTRY OF AGRICULTURE

(i) AGRICULTURAL DEPARTMENTS (ITEM 9)

£'000

	1965–66	1966–67	1967–68	Total
Loan votes—				
Department of Works	255	150	115	520
Ministry of Agriculture	29	44	4	77
Estimated capital expenditure from revenue votes	54	54	54	162
TOTAL	338	248	173	759

The provision is for conservation, research and veterinary offices and stations at various centres, and for the completion of soil conservation measures in the McDougall Dam catchment area.

The estimated capital expenditure on revenue votes covers conservation, extension and research equipment, fencing and minor works.

(ii) TOBACCO RESEARCH BOARD (ITEM 10)

£'000

	1965–66	1966–67	1967–68	Total
Loan votes—				
Ministry of Agriculture	59	—	—	59
Own resources	41	8	10	59
TOTAL	100	8	10	118

Provision has been made for a loan to the Board to enable separate Burley and Turkish stations to be established at Hartley and Fort Victoria respectively.

The proposed expenditure to be financed from internal resources will be applied to minor buildings, improvements, vehicles, plant and equipment, including replacements.

(iii) AGRICULTURAL LOAN FUND (ITEM 11)

£'000

	1965–66	1966–67	1967–68	Total
Loan votes—				
Ministry of Agriculture	500	500	500	1,500
Own resources	100	250	350	700
TOTAL	600	750	850	2,200

This Fund was established in 1964–65 to assist in the development of African agriculture by the provision of credit on a seasonal and medium to long term basis.

The Fund is now commencing to revolve, but the level of loan repayments will depend upon the success of the individual cropping programmes and accounting controls. It is as yet too early to gauge the benefits which are likely to accrue from this form of loan assistance or to determine the level of new money which the Fund will require, but if the past season's lending programme proves successful, the demand by farmers is likely to expand substantially in future years. The provision of £500,000 per annum will therefore be the subject of a further review later in 1965.

(iv) COTTON MARKETING (ITEM 12)

£'000

	1965–66	1966–67	1967–68	Total
Loan votes—				
Ministry of Agriculture	166	285	170	621

It is envisaged that there will be a rapid expansion in cotton production and that this will necessitate the creation of further handling and ginning facilities. The present ginning plant is situated at Gatooma, and it is proposed to erect new gins in the major producing areas of the country. The provision in 1965–66 will allow a new depot and ginnery to be constructed at Bindura to serve the producers in the Mazoe Valley. Two further cotton depots and ginneries are contemplated during the Plan period.

(v) GRAIN MARKETING BOARD (ITEM 13)

£'000

	1965–66	1966–67	1967–68	Total
Loan votes—				
Ministry of Agriculture	226	316	199	741
Own resources	12	12	12	36
TOTAL	238	328	211	777

As a result of the intensive efforts being directed towards the expansion of agricultural output, considerable increases in production are anticipated for a variety of crops. These include maize, groundnuts and sorghums, for all of which the Board provides a guaranteed market.

Provision has been made in the contingency item (Item 43) for Rhodesia's contribution to a bulk export project in Mocambique which is still under consideration.

(vi) DAIRY MARKETING BOARD (ITEM 14)

£'000

	1965–66	1966–67	1967–68	Total
Loan votes—				
Ministry of Agriculture	102	50	60	212
Own resources	86	114	103	303
TOTAL	188	164	163	515

The Board's intake of milk is increasing at the rate of approximately 4·5 per cent. per annum. The allocation from loan votes includes provision for a second skim-milk powder plant which will enable the Board to process this milk.

Expenditure to be financed from the Board's own resources relates to the replacement and modification of plant and equipment and will be met by the Board from its depreciation provisions.

(vii) COLD STORAGE COMMISSION (ITEM 15)

£'000

	1965–66	1966–67	1967–68	Total
Own resources	380	360	310	1,050

The numbers of cattle owned by both Europeans and Africans continue to grow steadily despite such factors as drought and de-stocking programmes. By far the major portion of the cattle slaughterings in the country is undertaken by the Commission and since local consumption of beef, excluding

sales to the canning trade, appears to have fallen in recent years, notwithstanding an increased slaughter rate of 4 per cent., there will be an increasing amount of beef available to meet the demands of overseas markets.

Since the future of the cattle industry in Rhodesia is largely dependent upon export markets and prices, the Commission is planning to increase the efficiency of its operations, where possible, by modernizing and improving its processing and handling facilities. As part of this programme the Commission is presently undertaking a major reconstruction programme at its Salisbury works. The expenditure proposed will be financed from profits and depreciation and maintenance provisions.

MINISTRY OF INTERNAL AFFAIRS

PRIMARY DEVELOPMENT (ITEM 16)

£'000

	1965–66	1966–67	1967–68	Total
Loan votes—				
Department of Works	112	38	38	188
Ministry of Internal Affairs	791	750	750	2,291
TOTAL	903	788	788	2,479

Of the total area of the country, some 40 million acres (or 41·5 per cent.) are reserved by the Constitution for the sole use of and occupation by tribesmen. This area is referred to as Tribal Trust Land.

Primary development programmes being implemented by Government will provide facilities, initially, to resettle some 70,000 families in Tribal Trust Land areas over a period of five years. Expenditure from the Ministry's votes will be directed to the provision of those basic services such as dams, boreholes, roads and bridges, fencing and cattle dips, which will enable the settlers to establish themselves, improve their standard of living and progressively to enter the cash economy. The programme will also provide a basis from which the more energetic, with the assistance of credit facilities, can rise from smallholdings to fully economic farms.

The major portion of the provision made on the Department of Works votes is for new offices at various stations. Modest allocations have also been made to meet the expansion requirements of the National Archives in both Salisbury and Bulawayo.

MINISTRY OF FINANCE

(i) LAND AND AGRICULTURAL BANK (ITEM 17)

£'000

	1965–66	1966–67	1967–68	Total
Loan votes—				
Ministry of Finance	300	300	300	900
Own resources—				
Loan Recoveries and Deposits	1,200	700	700	2,600
Civil service housing	200	200	200	600
TOTAL	1,700	1,200	1,200	4,100

The provision under this item is utilized mainly for making long and medium term loans to farmers and plays a decisive role in the encouragement of agricultural development. With the assistance of substantial medium term deposits and Government support, the Bank should be in a position to maintain medium and long term lending at the existing level in 1965–66.

The Bank's current year's programme of seasonal lending amounts to about £5 million. This and future years' seasonal lending, which will be expanding at the rate of some £500,000 per annum, will be financed by short term borrowings and will not be provided for from loan votes.

In addition lending for Civil Service housing will be maintained at an annual rate of £200,000. The resources required for this purpose are found from the Bank's recoveries on existing loans.

(ii) GENERAL (ITEM 39)

£'000

	1965–66	1966–67	1967–68	Total
Estimated capital expenditure from revenue votes	40	40	40	120

The figures reflect estimated expenditure on new accounting, adding and calculating machines, and equipment for the Government's computer.

(iii) CUSTOMS AND EXCISE (ITEM 40)

£'000

	1965–66	1966–67	1967–68	Total
Loan votes—				
Department of Works	23	3	3	29

Apart from minor works, the provision allows for the construction of two vehicle examination sheds at Nyamapanda and Victoria Falls.

(iv) PRINTING AND STATIONERY (ITEM 41)

£'000

	1965–66	1966–67	1967–68	Total
Loan votes—				
Department of Works	3	—	—	3
Estimated capital expenditure from revenue votes	10	—	—	10
TOTAL	13	—	—	13

In recent years a considerable sum has been invested in the reorganization of the State Printing Works, involving the provision of basement storage and the re-housing of the Lithographic Section. Apart from a small carry-over item of £3,000 into 1965–66, the main works are now complete.

The estimated expenditure from revenue votes covers the purchase of machinery and an increase in stocks of paper.

MINISTRY OF MINES AND LANDS

(i) RURAL DEVELOPMENT (ITEM 18)

£'000

	1965–66	1966–67	1967–68	Total
Loan votes—				
Ministry of Mines and Lands . . .	445	470	430	1,345

With the settlement of suitable Crown land virtually complete, attention is being mainly directed at the creation of smaller and more intensively developed units and to the consolidation of existing non-viable units where this is possible. To this end, contributory-purchase and tenant-farming schemes have been introduced, whereby new farmers can be assisted to purchase subdivisions of existing farms or to acquire freehold tenure of existing land holdings. The total provision included in the Plan for dry-land settlement schemes, including improvements to infrastructure services in settled divisions of the Purchase Area, is £1,095,000. In addition, provision of £250,000 has been made to meet the land-settlement element of the cost of irrigation-settlement schemes which are presently under examination. Expenditure on water engineering works associated with these schemes is provided under Item 21—Water Development.

(ii) NATIONAL PARKS (ITEM 19)

£'000

	1965–66	1966–67	1967–68	Total
Loan votes—				
Department of Works	1	—	—	1
Ministry of Mines and Lands . . .	115	90	84	289
Estimated capital expenditure from revenue votes	7	3	2	12
TOTAL	123	93	86	302

The provision allows for the completion of tourist accommodation and facilities at Sinamatella Camp in the Wankie National Park, for the construction of a new Zambezi Camp at Victoria Falls National Park and new tourist camps at Kyle Dam Game Reserve. Expenditure will also be incurred on the provision of game water supplies and on the improvement of internal roads within national park areas.

The estimated capital expenditure from revenue votes comprises, in the main, the costs of constructing water supplies at tourist camps.

(iii) FORESTRY COMMISSION (ITEM 20)

£'000

	1965–66	1966–67	1967–68	Total
Loan votes—				
Ministry of Mines and Lands	100	100	100	300
Own resources	128	120	123	371
TOTAL	228	220	223	671

In an effort to meet the country's internal market for timber in due course, the Forestry Commission and private enterprise have between them planted over 100,000 acres. The Commission are also responsible for some 2 million acres of high-value indigenous forest and provide protection and management services in these areas. The development programme provides for the implementation of a lamination project at Umtali; additional and more intensive exploitation of Stapleford and Melsetter forests, involving the provision of saw mills and extraction plant; and the further development and extension of the exotic Eastern Districts plantations. Provision has also been included for African housing and the replacement of items of equipment and motor vehicles.

MINISTRY OF WATER DEVELOPMENT

WATER DEVELOPMENT (ITEM 21)

£'000

	1965–66	1966–67	1967–68	Total
Loan votes—				
Department of Works	9	24	11	44
Ministry of Water Development—				
(i) Water conservation works	2,470	1,310	1,200	4,980
(ii) Government water supplies	150	150	100	400
(iii) Investigations	50	60	70	180
(iv) Minor irrigation schemes	100	100	100	300
Estimated capital expenditure from revenue votes	74	135	135	344
TOTAL	2,853	1,779	1,616	6,248

The provision on the votes of the Department of Works is for the construction of new office, workshops and stores accommodation at Fort Victoria.

The provision for water conservation works, amounting to £4·98 million over the period of the Plan, is made up as follows—

	£'000
McDougall Dam and Canal	1,225
Odzani Dam	45
Other works under construction	10
Chisumbanje Irrigation Scheme (1st and 2nd stages)	500
Drought Relief Projects	3,000
Nominal amount for other development projects	200
TOTAL	4,980

Works to be provided in the area of the Sabi–Limpopo Authority are financed under Item 25.

The estimated capital expenditure from revenue votes comprises in the main first-stage investigation and survey costs, and gauging weirs and stations for the collection of the necessary hydrological data.

MINISTRY OF POSTS

POSTS AND TELECOMMUNICATIONS (ITEM 22)

£'000

	1965–66	1966–67	1967–68	Total
Loan votes—				
Department of Works	125	55	85	265
Ministry of Posts	572	535	471	1,578
Other finance (manufacturers' credit)	—	420	417	837
Estimated capital expenditure from revenue votes	260	300	300	860
TOTAL	957	1,310	1,273	3,540

The provision on the Department of Works vote is related almost entirely to the construction of new post offices, and improvements to existing offices and telephone exchanges where the facilities are at present inadequate.

The balance of the planned expenditure is broken down in the table below:

	£'000
Telephone installations	443
Exchange equipment	390
Telegraphs	90
Trunk networks	505
Contract work	12
	1,440
S.H.F. (Microwave) project:	
Equipment	837
Towers/buildings	120
Power supplies	6
Contract	12
	975
TOTAL	2,415

A major project included in the plan is the proposed microwave link between Salisbury and Bulawayo to replace the existing system which consists of a land line supplemented by a V.H.F. radio link. The project will also provide the bearer for a television channel which will provide a link between Salisbury, the Midlands and Bulawayo. Of the total of £975,000, some £837,000 is related to equipment for which suitable manufacturers' credits are likely to be available.

The estimated capital expenditure from revenue votes is mainly for salaries, wages and transport associated with development projects.

MINISTRY OF LOCAL GOVERNMENT AND HOUSING

(i) LOCAL AUTHORITIES (ITEM 23)

£'000

	1965–66	1966–67	1967–68	Total
Loan votes—				
Ministry of Local Government and Housing	1,200	1,200	1,200	3,600
Own resources	2,466	2,500	2,500	7,466
TOTAL	3,666	3,700	3,700	11,066

The provision on loan votes will assist local authorities to discharge their responsibilities. While the estimates for 1966–67 and 1967–68 are purely notional at this stage, it is envisaged that the pattern of local authorities' expenditure will follow closely that estimated for 1965–66, viz:

	£'000	*Percentage*
Roads and bridges	480	13
Sewerage	150	4
Water and drainage	590	16
Electricity	660	18
Housing:		
African	800	22
Coloured	73	2
African services, etc.	185	5
Health	102	3
Parking facilities	258	7
Other	368	10
TOTAL	3,666	100

(ii) GOVERNMENT HOUSING (ITEM 32)

£'000

	1965–66	1966–67	1967–68	Total
Loan votes—				
Department of Works	650	500	500	1,650

The allocation covers all housing for civil servants and police, other than a narrowly-defined range of institutional housing which is catered for in individual items of the plan. The size of the provision reflects the need to overtake the backlog of unsatisfactory housing in many areas, particularly for African staff.

(iii) PUBLIC WORKS DEPARTMENT DEPOTS (ITEM 33)

£'000

	1965–66	1966–67	1967–68	Total
Loan votes—				
Department of Works	8	8	8	24
Estimated capital expenditure from revenue votes	220	200	200	620
TOTAL	228	208	208	644

The provision will enable the Department to undertake works of a minor nature at its depots in various centres.

The estimated capital expenditure on the revenue votes of the Department, excluding Defence buildings which are shown separately under Item 42, is made up of the provisions for extraneous professional assistance, minor additions, temporary buildings and furniture.

(iv) MISCELLANEOUS PUBLIC WORKS (ITEM 34)

£'000

	1965–66	1966–67	1967–68	Total
Loan vote—				
Department of Works	50	42	42	134

The provision is required almost entirely for sewerage connexions and electrical installations.

(v) HOUSING AND TOWNSHIP DEVELOPMENT (ITEM 35)

£'000

	1965–66	1966–67	1967–68	Total
Loan votes—				
Ministry of Local Government and Housing	570	490	490	1,550
Own resources (African Building Fund) .	200	—	—	200
TOTAL	770	490	490	1,750

The proposed expenditure is made up as follows:

	£'000
Land acquisition and access roads for African housing . .	200
African housing schemes	1,200
Township development	350
TOTAL	1,750

The main requirement during the period relates to the Hunyani Township, which was originally intended for temporary settlement with minimal services to take care of part of the overflow from the main townships to the west of Salisbury. The provision on votes over the three-year period will allow for the settlement of some 4,000 families.

The separate provision for township development is required for the development of African and, to a lesser extent, European townships, and is mainly for surveys, sewerage, water and electricity supplies and internal roads.

MINISTRY OF COMMERCE AND INDUSTRY

(i) DEPARTMENTAL BUILDINGS (ASSIZE AND GOVERNMENT CENTRAL STORES) (ITEM 24)

£'000

	1965–66	1966–67	1967–68	Total
Loan votes—				
Department of works	1	—	—	1

The provision is to enable work in progress to be completed, including an extension to the Standard Measures Room at the Assize Department, Salisbury.

(ii) SABI-LIMPOPO AUTHORITY (ITEM 25)

£'000

	1965–66	1966–67	1967–68	Total
Loan votes—				
Ministry of Commerce and Industry .	168	160	140	468
Own resources and other finance . . .	1,000	2,000	3,000	6,000
TOTAL	1,168	2,160	3,140	6,468

Provision has been made for advances to meet the Authority's recurrent costs until it is in a position to acquire revenue-producing assets, particularly in the form of large-scale installations for the supply of water for irrigation purposes. A large proportion of the Authority's recurrent costs, particularly in 1965–66, will arise from investigations into specific lowveld water development projects.

Nominal provision of £6 million has been made for the construction of major projects in the Authority's area, subject to special finance being obtained. This is in addition to the provisions made under Item 21—Water Development.

(iii) INDUSTRIAL DEVELOPMENT CORPORATION (ITEM 26)

£'000

	1965–66	1966–67	1967–68	Total
Loan votes—				
Ministry of Commerce and Industry .	—	250	250	500
Own resources	400	N/A	N/A	400
TOTAL	400	250	250	900

The Corporation was constituted in 1963 with the primary objective of promoting the establishment and development of new and existing industrial undertakings, including tourism. To date, shares of a par value of £1·21 million have been issued, of which Government's holding amounts to £700,000; private enterprise shareholders hold the balance of the issued share capital.

The Corporation is one of the Government's principal instruments for promoting growth in the manufacturing sector of the economy. It is not possible at this stage to be specific about its future investment programme, but it is envisaged that it will be necessary to increase the Government's shareholding by a sum of the order of £250,000 in each of the years 1966–67 and 1967–68. If provision at this level proves to be inadequate it will be necessary to reconsider the situation in the light of the resources available to Government at the time. It is not possible to estimate what other resources are likely to be available to the Corporation during the last two years of the Plan.

MINISTRY OF EDUCATION

(i) EDUCATIONAL SERVICES (AFRICAN) (ITEM 27)

£'000

	1965–66	1966–67	1967–68	Total
Loan votes—				
Department of Works	270	150	180	600
Estimated capital expenditure from revenue votes	85	125	130	340
TOTAL	355	275	310	940

The present policy for African education is universal basic literary, i.e. five years' lower primary education (Sub-A—Std. 3), for as many children as possible and, within the financial resources available, the expansion of facilities to permit children to complete a further three years of upper primary education (Std. 4–6). Secondary education is provided for as many as possible of those children (normally between 20 per cent. and 25 per cent.) who ,by their aptitude, are able to continue their studies profitably. In addition, provision is made for the training of an adequate number of African teachers to support this programme.

It is estimated that between 90 and 95 per cent. of the relevant age group are now receiving five years' lower primary education and about 50 per cent. upper primary education.

Apart from the provision of additional places to meet demands in Government schools, the major item of expenditure is the Gwelo Teachers' Training College. A portion of the College was opened in 1963 to provide a three-year course of training for Africans, culminating in the Teachers' Certificate of the Institute of Education of the University College of Rhodesia and Nyasaland, which enables them to teach in secondary schools. From 1967 onwards it is likely that the output will be of the order of 100 teachers annually.

The estimated capital expenditure on revenue votes mainly covers equipment and educational aids for schools and technical colleges, and equipment grants for aided schools.

(ii) EDUCATIONAL SERVICES (EUROPEAN, COLOURED AND ASIAN) (ITEM 28)

£'000

	1965–66	1966–67	1967–68	Total
Loan votes—				
Department of Works	138	200	200	538
Estimated capital expenditure from revenue votes	463	466	469	1,398
TOTAL	601	666	669	1,936

By far the major portion of the provision is required to meet the demands for places by Asian and Coloured pupils at both primary and secondary school level, and, in addition, to provide improved facilities at the Teacher Training College in Bulawayo. Additional classrooms and workshops are also planned at the technical colleges in Bulawayo and Salisbury to cope with the proposed expansion of further education.

With regard to European education, limited additions are planned at high schools, mainly in the form of specialist rooms. In the primary field, development will be almost entirely confined to the completion of works in progress and the addition of classrooms at existing schools to meet the changing population pressures within the urban areas. New primary schools, however, will be built in the lowveld.

The estimated capital expenditure from revenue votes is expected to be made up as follows:

	£'000
Equipment for schools and hostels	180
Audio-visual Services	15
Grants (aided schools, bursaries, etc.)	1,143
Vocational training loans	60
TOTAL	1,398

MINISTRY OF HEALTH
HEALTH SERVICES (ITEM 29)

£'000

	1965–66	1966–67	1967–68	Total
Loan votes—				
Department of Works	625	671	720	2,016
Estimated capital expenditure from revenue votes	35	50	100	185
TOTAL	660	721	820	2,201

Attention is being given to the improvement and consolidation of facilities rather than to their expansion, and particularly to the improvement of therapeutic and diagnostic aids to medicine. This is because preventive rather than curative measures offer the most effective means of improving the health of the community. Priorities have been arranged after consideration of patient load and bed occupancy at existing centres, population densities and the distance from existing facilities.

A break-down of the total provision from loan votes is given below:

	£'000
Completion of works in progress	398
Beitbridge: Stage II rural hospital	31
Salisbury: Central Sterile Supply Depot	45
Salisbury: Teaching hospital	1,170
Chiredzi: Rural hospital	304
Other projects	68
TOTAL	2,016

Apart from the completion of works in progress, the major part of the allocation is for the teaching hospital, the total cost of which is £2 million, involving a commitment of £830,000 after June, 1968. Rural hospitals are also planned at Chiredzi and Beitbridge to meet population pressures in these areas. In the latter case, there is at present no hospital in Rhodesia nearer Beitbridge than those at Gwanda and Matibi.

Capital expenditure on revenue votes covers the purchase of hospital and other medical equipment.

MINISTRY OF INFORMATION

RHODESIA BROADCASTING CORPORATION (ITEM 30)

£'000

	1965–66	1966–67	1967–68	Total
Loan votes—				
Broadcasting	—	40	152	192
Own resources	33	—	—	33
TOTAL	33	40	152	225

The principal aims of the Corporation's current capital investment programme are to improve coverage by the establishment of new medium-wave unattended transmitters at a number of centres throughout the country.

The provision relates mainly to the purchase of 18 transmitters. Of these, three will replace the existing General Service transmitters at Gatooma, Que Que and Umtali and, in addition, new General Service unattended transmitters of the same type will be installed at Sinoia, Marandellas, Rusape, Gwanda, Shabani, Triangle and Wankie. For the African Service, new medium-wave transmitters will be installed at the same centres, as well as at Fort Victoria.

With regard to longer-term development, consideration is being given to the eventual introduction of V.H.F./F.M. coverage, and a small provision has been included in the plan to enable the necessary investigations to be commenced.

In addition, the provision allows for expenditure on minor buildings, engineering equipment and vehicles.

MINISTRY OF LABOUR AND SOCIAL WELFARE

LABOUR AND SOCIAL WELFARE (ITEM 31)

£'000

	1965-66	1966–67	1967–68	Total
Loan votes—				
Department of Works	31	62	18	111

In general, the provision of institutional care, training and rehabilitation facilities for Asian, Coloured and European inmates is adequate. However, the existing facilities for African juveniles are fully extended. The provision is therefore confined to the extension of existing probation hostels, remand homes and reformatories for Africans.

MINISTRY OF LAW AND ORDER

BRITISH SOUTH AFRICA POLICE (ITEM 36)

£'000

	1965–66	1966–67	1967–68	Total
Loan votes—				
Department of Works	164	90	90	344
Estimated capital expenditure from revenue votes	5	5	5	15
TOTAL	169	95	95	359

Provision has been made as far as possible to meet the minimum needs of the force, including those in the rapidly developing lowveld area. The main requirement, in financial terms, is for additional living accommodation to meet both the backlog and new expansion. Provision for such accommodation is included under Item 32—Government Housing.

MINISTRY OF JUSTICE

(i) COURTS (ITEM 37)

£'000

	1965–66	1966–67	1967–68	Total
Loan votes—				
Department of Works	58	40	115	213

Apart from the extension of court accommodation at a number of centres, the major part of the provision is related to the establishment of regional courts in the main centres, which will assist in reducing the heavy demands upon the High Court.

(ii) PRISONS (ITEM 38)

£'000

	1965–66	1966–67	1967–68	Total
Loan votes— Department of Works	96	75	75	246

Having regard to the scarcity of resources and the need to apply those available to the most productive use, the provision of funds for the construction and expansion of prisons has been maintained at a minimum level consistent with the forecast prison population.

Considerable thought has been given to long-term prison policies with particular emphasis on siting. Present thinking is that new expenditure should be devoted to small minimum- and medium-security prisons in rural areas which can be constructed cheaply and which will enable prisoners to be usefully employed on Government projects in the vicinity.

MINISTRY OF DEFENCE

ARMY AND R.R.A.F. BUILDINGS (ITEM 42)

£'000

	1965–66	1966–67	1967–68	Total
Estimated capital expenditure from revenue votes	172	180	180	532

The schedule reflects the estimated capital expenditure in the form of Army and R.R.A.F. buildings which is to be financed on the Department of Works revenue vote. The provision in each of the years 1966–67 and 1967–68 is notional at this stage, but it is unlikely that the demand for new or replacement buildings in the future will be below the level indicated. The major part of the estimate relates to Army buildings.

UNALLOCATED

CONTINGENCY (ITEM 43)

£'000

1965–66	1966–67	1967–68	Total
180	1,050	1,720	2,950

It is essential to include adequate funds in a contingency item to cater for unforeseen expenditure requirements. Apart from contingencies of this nature, for which modest provision has been made, a number of projects for which funds are likely to be required are not sufficiently definite at this stage for substantive provisions to be made. These items, which include the Salisbury Airport runway reconstruction, have been taken into account in arriving at the provision set out above.

APPENDICES

GROSS CAPITAL INVESTMENT PROGRAMME OF RHODESIA GOVERNMENT MINISTRIES, DEPARTMENTS AND STATUTORY BODIES: 1st JULY, 1965 TO 30th JUNE, 1968

EXPENDITURE BY ITEMS AND GROUPS

(£ *thousand*)

Group	Ministry	Item	Page No.	Expenditure to be Financed from					Total, 1965–68
				Loan Votes		Revenue Votes		Own Resources & other Finance	
				Department of Works	Other	Department of Works	Other		
Economic Services	Transport and Power	1. Civil Aviation	12	270	326	—	240	—	836
		2. Central African Airways	13	—	—	—	—	2,582	2,582
		3. Rhodesia Railways	14	—	—	—	—	11,156	11,156
		4. Central Mechanical Equipment Department	15	20	—	—	—	1,590	1,610
		5. Meteorological Services	15	14	—	—	31	—	45
		6. Central African Power Corporation	16	—	—	—	—	1,162	1,162
		7. Electricity Supply Commission	17	—	2,667	—	—	678	3,345
	Roads	8. Roads (including Road Councils)	17	44	5,130	—	135	—	5,309
	Agriculture	9. Agricultural Departments	18	520	77	—	162	—	759
		10. Tobacco Research Board	19	—	59	—	—	59	118
		11. Agricultural Loan Fund	19	—	1,500	—	—	700	2,200
		12. Cotton Marketing	19	—	621	—	—	—	621
		13. Grain Marketing Board	20	—	741	—	—	36	777
		14. Dairy Marketing Board	20	—	212	—	—	303	515
		15. Cold Storage Commission	20	—	—	—	—	1,050	1,050
	Internal Affairs	16. Primary Development	21	188	2,291	—	—	—	2,479
	Finance	17. Land and Agricultural Bank	21	—	900	—	—	3,200	4,100
	Mines and Lands	18. Rural Development	23	—	1,345	—	—	—	1,345
		19. National Parks	23	1	289	—	12	—	302
		20. Forestry Commission	24	—	300	—	—	371	671
	Water Development	21. Water Development	24	44	5,860	—	344	—	6,248
	Posts	22. Posts and Telecommunications	25	265	1,578	—	860	837	3,540
	Local Government & Housing	23. Local Authorities	26	—	3,600	—	—	7,466	11,066
	Commerce and Industry	24. Departmental Buildings (Assize and Government Central Stores)	28	1	—	—	—	—	1
		25. Sabi-Limpopo Authority	28	—	468	—	—	6,000	6,468
		26. Industrial Development Corporation	29	—	500	—	—	400	900
Social Services	Education	27. Educational Services (African)	29	600	—	—	340	—	940
		28. Educational Services (European, Coloured and Asian)	30	538	—	—	1,398	—	1,936
	Health	29. Health Services	30	2,016	—	—	185	—	2,201
	Information	30. Rhodesia Broadcasting Corporation	31	—	192	—	—	33	225
	Labour and Social Welfare	31. Labour and Social Welfare	32	111	—	—	—	—	111

Appendix A (continued)

GROSS CAPITAL INVESTMENT PROGRAMME OF RHODESIA GOVERNMENT MINISTRIES, DEPARTMENTS AND STATUTORY BODIES: 1st JULY, 1965 TO 30th JUNE, 1968

EXPENDITURE BY ITEMS AND GROUPS (*continued*)

(£ *thousand*)

Group	Ministry	Item	Page No.	Expenditure to be Financed from					Total, 1965–68
				Loan Votes		Revenue Votes		Own Resources & other Finance	
				Department of Works	Other	Department of Works	Other		
General Services	Local Government and Housing	32. Government Housing	26	1,650	—	—	—	—	1,650
		33. Public Works Department Depots	27	24	—	620	—	—	644
		34. Miscellaneous Public Works	27	134	—	—	—	—	134
Administrative Services		35. Housing and Township Development	27	—	1,550	—	—	200	1,750
	Law and Order	36. British South Africa Police	32	344	—	—	15	—	359
	Justice	37. Courts	32	213	—	—	—	—	213
		38. Prisons	33	246	—	—	—	—	246
	Finance	39. General	22	—	—	—	120	—	120
		40. Customs and Excise	22	29	—	—	—	—	29
		41. Printing and Stationery	22	3	—	—	10	—	13
	Defence	42. Army and R.R.A.F. Buildings	33	—	—	532	—	—	532
Miscellaneous	Unallocated	43. Contingency	33	300	2,650	—	—	—	2,950
		SUB-TOTAL		7,575	32,856	1,152	3,852	37,823	83,258
		Less: Underspendings carried forward		—400	—	—	—	—	400
		Adjust provision for Police which is financed from revenue votes		+285	—	—	+285	—	—
		TOTAL		6,890	32,856	1,152	4,137	37,823	82,858

GROSS CAPITAL INVESTMENT PROGRAMME OF RHODESIA GOVERNMENT MINISTRIES, DEPARTMENTS AND STATUTORY BODIES: 1st JULY, 1965 TO 30th JUNE, 1968

EXPENDITURE BY YEARS

(£ *thousand*)

	1965–66	1966–67	1967–68	Total, 1965–68
Expenditure from loan votes—				
Department of Works	2,761	2,340	2,189	7,290
Other	10,524	10,442	11,890	32,856
	13,285	12,782	14,079	40,146
Expenditure from revenue votes—				
Department of Works	392	380	380	1,152
Other	1,274	1,419	1,444	4,137
	1,666	1,799	1,824	5,289
Expenditure from own resources and other finance— (e.g., expenditure by statutory bodies and local authorities from their own resources)	11,854	13,532	12,437	37,823
	26,805	28,113	28,340	83,258
Adjustments: Department of Works loan vote—				
Plus: Underspendings brought forward (Department of Works	—	+600	+400	—
Less: Underspendings carried forward (Department of Works)	−600	−400	−400	−400
	−600	+200	—	−400
TOTAL EXPENDITURE—				
Department of Works Votes:				
Loan votes	2,161	2,540	2,189	6,890
Revenue votes	392	380	380	1,152
Other Votes:				
Loan votes	10,524	10,442	11,890	32,856
Revenue votes	1,274	1,419	1,444	4,137
Own resources and other finance	11,854	13,532	12,437	37,823
TOTAL	26,205	28,313	28,340	82,858

GROSS CAPITAL INVESTMENT PROGRAMME OF RHODESIA GOVERNMENT MINISTRIES, DEPARTMENTS AND STATUTORY BODIES: 1st JULY, 1965 TO 30th JUNE, 1968

ESTIMATE OF RESOURCES

(*£ thousand*)

Item	1965–66	1966–67	1967–68	Total, 1965–68
Estimated capital expenditure from revenue votes	1,666	1,799	1,824	5,289
Loan recoveries and other receipts	4,592	4,549	4,694	13,835
Own resources and other finance—				
Central African Airways	10	2,275	297	2,582
Rhodesia Railways	4,713	3,718	2,725	11,156
Central Mechanical Equipment Department	520	530	540	1,590
Central African Power Corporation	18	37	1,107	1,162
Electricity Supply Commission	347	288	43	678
Tobacco Research Board	41	8	10	59
Agricultural Loan Fund	100	250	350	700
Grain Marketing Board	12	12	12	36
Dairy Marketing Board	86	114	103	303
Cold Storage Commission	380	360	310	1,050
Land Bank	1,400	900	900	3,200
Forestry Commission	128	120	123	371
Posts and Telecommunications	—	420	417	837
Local Authorities	2,466	2,500	2,500	7,466
Sabi Limpopo Authority	1,000	2,000	3,000	6,000
Industrial Development Corporation	400	—	—	400
Rhodesia Broadcasting Corporation	33	—	—	33
Local Government (Housing and Township Development)	200	—	—	200
	18,112	19,880	18,955	56,947
Less: Loan repayments (including miscellaneous financial commitments, e.g., contractor finance repayments)	9,811	14,767	7,711	32,289
SUB-TOTAL	8,301	5,113	11,244	24,658
Contributions from revenue account	500	1,000	1,000	2,500
Amount to be raised	17,404	22,200	16,096	55,700
TOTAL EXPENDITURE	26,205	28,313	28,340	82,858

Note.—The amount to be raised in 1965–66 as shown in Appendix C differs from that shown in the Financial Statements (*see* Table XV), 1965–66, by the sum of £330,000. This is because of the inclusion in the Investment Programme of a contingency provision of £180,000 (*see* Item 43), and the exclusion of £150,000 from resources in respect of a loan still to be arranged.

NATIONAL INCOME AND NATIONAL DISPOSABLE FUNDS[1]

(*£ million*)

	1961	1962	1963	1964
1. Wages and salaries—				
(i) European, Asian and Coloured	102·0	105·0	107·5	107·6
(ii) African	64·0	67·3	70·9	75·4
TOTAL	166·0	172·3	178·4	183·0
2. Gross income from unincorporated enterprise:				
(i) European Asian and Coloured	31·0	29·1	25·6	26·6
(ii) African—				
(*a*) Rural households—				
(i) for own consumption[2]	17·3	18·7	20·1	22·0
(ii) sales[3]	4·0	3·8	3·4	3·6
(*b*) Other	2·5	3·1	3·8	4·0
TOTAL	54·8	54·7	52·9	56·1
3. Gross operating profits—				
(i) Government enterprises	6·4	5·7	7·0	7·3
(ii) Public corporations	11·4	10·3	12·6	13·5
(iii) Companies	47·3	45·9	44·7	46·8
TOTAL	65·1	61·9	64·3	67·5
4. Government income from property				
(i) Rent	2·3	2·5	2·5	2·7
(ii) Royalties	0·6	0·5	0·4	0·3
(iii) Water supply and irrigation charges	0·2	0·3	0·3	0·4
5. Personal income from property	9·4	9·8	10·3	10·4
6. Gross domestic product at factor cost	298·4	302·0	309·1	320·4
7. *Less*: Net income paid abroad	−11·5	−12·9	−15·1	−14·7
8. Gross national income = gross national product at factor cost	286·9	289·1	294·0	305·7
9. *Plus*: Indirect taxes	21·1	22·5	23·4	26·7
10. *Less*: Subsidies	−1·5	−2·0	−1·2	−0·8
11. Gross national product at market prices	306·5	309·6	316·2	331·7
National disposable funds—				
6. G.D.P. (factor cost)	298·4	302·0	309·1	320·4
7. *Less*: Net income paid abroad	−11·5	−12·9	−15·1	−14·7
12. *Plus*: Net transfers received from abroad	−3·2	−3·4	−5·5	−2·1
13. N.D.F. before provisions for depreciation	283·7	285·7	288·5	303·6

[1] The figures of net income paid abroad used in obtaining the national income aggregate for the years 1961–63 do not take account of corporate income transactions between Rhodesia and Zambia and Malawi. The national income aggregate is accordingly approximate.

[2] Produce either directly consumed by the producing household or sold or bartered within the rural household sector, including the change in the stocks, the value of rural household services and own-account capital formation.

[3] Comprises sales by the rural household sector in the urban market, to official buying organizations and to European farms.

Appendix E

AVAILABLE FINANCE AND EXPENDITURE, 1964

	£ *million*
Available Finance—	
1. National disposable funds	303·6
2. *Less*: Lending abroad	−3·0
TOTAL	300·6
Expenditure—	
3. Private consumption[1]	211·0
4. African rural household consumption	20·9
5. Government consumption	38·2
6. Gross fixed capital formation	47·1
7. Net increase in stocks	2·4
8. Statistical discrepancy[1]	7·0
9. Total expenditure at market prices	326·6
10. *Less*: Net indirect taxes	−26·0
11. Total expenditure at factor cost	300·6

[1] The detailed end-use allocation of all items of supply, whether of domestic or foreign origin, results in an estimate of private consumption of £218 million. This figure would imply a savings ratio too low compared with available disposable income of the personal sector. Private consumption is re-estimated at £211 million by assuming, for the time being, an arbitrary savings ratio of 10 per cent. for Europeans, Asians and Coloureds and negligible savings for Africans. The difference between the two figures is treated as the statistical discrepancy in the National Accounts for 1964.

Appendix F

INDUSTRIAL ORIGIN OF THE GROSS DOMESTIC PRODUCT

(£ *million*)

	1961	1962	1963	1964
Agriculture				
(i) Non-African	43·8	42·7	44·2	46·3
(ii) African	18·0	19·3	19·6	21·4
TOTAL AGRICULTURE	61·0	62·0	63·8	67·7
Mining and Quarrying	18·7	17·0	15·8	16·9
Manufacturing	49·5	51·8	51·2	54·3
Building and construction	16·7	15·1	13·9	13·5
Electricity and water	12·2	12·3	13·2	13·7
Distribution	39·9	40·1	40·9	41·5
Banking, insurance and finance	3·6	3·8	4·1	3·9
Real estate	6·5	7·0	6·6	7·1
Ownership of dwellings	9·4	9·8	10·3	10·4
Transport and communications	25·4	25·6	28·7	30·9
Public administration and defence	13·7	14·6	15·6	14·6
Education	9·0	9·9	10·6	11·0
Health	2·7	2·9	3·6	3·6
Domestic services	9·4	9·8	10·1	10·5
African rural household services	3·3	3·2	3·9	4·2
Services, other	16·5	17·4	16·5	16·7
GROSS DOMESTIC PRODUCT	298·4	302·0	309·1	320·4

CAPITAL FORMATION, 1961-64

(*£ million*)

	1961	1962	1963	1964
Gross fixed capital formation	63·9	48·9	45·8	47·1
Of which—				
(*a*) *By sector*—				
African rural household	0·3	0·4	0·4	0·4
Private sector, n.e.s.	29·1	22·4	26·1	29·0
Official sector	34·5	26·1	19·3	17·7
(*b*) *By industrial use*—				
Agriculture	10·7	8·3	8·9	11·2
Mining	2·5	2·0	2·3	3·1
Manufacturing	10·0	6·4	5·8	10·3
Building and construction	2·8	1·3	0·3	1·0
Electricity and water	9·8	6·3	4·7	3·6
Other sectors	28·1	24·6	23·8	17·9
(*c*) *By type of asset*—				
Land improvement	2·4	1·1	1·3	1·0
Mine development	0·7	0·6	0·4	1·2
Building and works	38·7	28·8	24·6	22·3
Plant machinery and equipment	24·1	18·4	19·5	22·6
Changes in stocks	7·8	4·7	−3·6	2·4
Total gross capital formation	71·7	53·6	42·2	49·5
Ratio of capital formation to gross domestic product	22·7%	17·3%	15·8%	15·8%

Note.—The territorial allocation of capital formation of the Central African Power Corporation (Federal Power Board), has been made on a geographical location basis but with the actual dam wall allocated 50 per cent. to Rhodesia. That for Rhodesia Railways has also been made on a geographical location basis—as indicated by territorial numbers employed on the construction section of the Rhodesia Railways—except for rolling stock, allocated 50 per cent. to Rhodesia. Aircraft of the Central African Airways have been allocated 45 per cent. to Rhodesia i.e., according to the percentage distribution of capital and loan debt of the Central African Airways guaranteed by the respective governments in the agreement relating to the Central African Airways Corporation.

BALANCE OF PAYMENTS: CURRENT TRANSACTIONS, 1964

(£ *million*)

	January–March			April–June			July–September			October–December			January–December		
	Receipts	Payments	Net Receipts	Receipts	Payments	Net Receipts	Receipts	Payments	Net Receipts	Receipts	Payments	Net Receipts	Receipts	Payments	Net Receipts
I. *Goods*:															
1. Merchandise, f.o.b. or f.o.r. border[1]	20·9	25·0	−4·1	36·1	29·0	7·1	42·9	29·3	13·6	36·9	27·0	9·9	136·7	110·3	26·4
2. Non-monetary gold (net)	1·7	—	1·7	1·8	—	1·8	1·8	—	1·8	1·8	—	1·8	7·1	—	7·1
TOTAL	22·6	25·0	−2·4	37·8	29·0	8·9	44·7	29·3	15·4	38·7	27·0	11·7	143·8	110·3	33·5
3. Freight and insurance on merchandise[2]	—	3·3	−3·3	—	3·4	−3·4	—	3·5	−3·5	—	3·6	−3·6	—	13·7	−13·7
4. Fares	0·1	0·6	−0·5	0·1	0·8	−0·7	0·1	0·6	−0·5	0·1	0·4	−0·3	0·4	2·3	−1·9
5. Other transportation	3·8	0·2	3·6	4·0	0·2	3·8	3·9	0·2	3·7	4·0	0·2	3·8	15·8	0·8	15·0
6. Foreign travel	1·2	3·5	−2·3	1·4	3·2	−1·8	1·4	3·2	−1·8	1·6	3·2	−1·6	5·6	13·1	−7·5
7. Government, n.e.s.	0·3	0·1	0·2	0·3	0·1	0·2	0·3	0·1	0·2	0·3	0·1	0·2	1·0	0·3	0·7
8. Other, n.e.s.	0·6	1·6	−1·0	0·7	2·8	−2·1	0·7	1·8	−1·1	0·7	2·8	−2·1	2·6	8·7	−6·1
TOTAL	6·0	9·3	−3·3	6·4	10·4	−4·0	6·4	9·4	−3·0	6·7	10·3	−3·6	25·5	39·2	−13·7
II. *Income*:															
Investment income—															
9. Government	—	1·1	−1·1	—	1·1	−1·1	0·1	1·1	−1·0	0·1	1·1	−1·0	0·1	4·4	−4·3
10. Public authorities, n.e.s.	0·3	1·2	−0·9	0·3	1·3	−1·0	0·7	1·2	−0·5	0·4	1·2	−0·8	1·6	4·9	−3·3
11. Corporate bodies	1·3	3·9	−2·6	1·3	3·2	−1·9	1·3	3·3	−2·0	1·3	3·2	−1·9	5·1	13·6	−8·5
12. Personal sector	0·4	—	0·4	0·4	—	0·4	0·4	—	0·4	0·4	—	0·4	1·5	—	1·5
TOTAL	2·0	6·2	−4·2	2·0	5·6	−3·6	2·3	5·6	−3·3	2·1	5·6	−3·5	8·3	23·0	−14·7
III. *Transfers*:															
13. Migrants' funds	0·1	1·5	−1·4	0·1	0·9	−0·8	0·2	0·7	−0·5	0·3	0·6	−0·3	0·7	3·7	−3·0
14. Personal remittances	0·1	0·6	−0·5	0·1	0·6	−0·5	0·1	0·5	−0·4	0·1	0·5	−0·4	0·5	2·2	−1·7
15. Government	0·1	0·1	—	—	0·1	−0·1	2·0	0·1	1·9	—	0·1	−0·1	2·1	0·4	1·7
16. Other, n.e.s.	1·2	0·7	0·5	0·7	0·6	0·1	0·8	0·6	0·2	0·7	0·6	0·1	3·4	2·5	0·9
TOTAL	1·6	2·8	−1·2	0·9	2·2	−1·3	3·1	1·9	1·2	1·1	1·9	−0·8	6·7	8·8	−2·1
TOTAL CURRENT TRANSACTIONS	32·2	43·2	−11·0	47·1	47·2	−0·1	56·5	46·2	10·3	48·6	44·8	3·8	184·4	181·4	3·0

[1] Including freight to the Rhodesian border in the case of exports and freight to the borders of the countries of supply in the case of imports.
[2] Confined to freight and insurance costs on imports between the country of supply and Rhodesia.

BALANCE OF PAYMENTS: CAPITAL TRANSACTIONS, 1964

(£ million)

	Net increase in liabilities	Net increase in assets	Net inflow of capital
Net balance on current account	..	..	3·0
I. Long-term capital transactions:[1]			
Government:			
Long-term securities of Government	−2·0	—	−2·0
Drawings on long-term loans	0·6	—	0·6
Repayments on long-term loans	−3·7	—	−3·7
TOTAL GOVERNMENT, LONG-TERM	−5·1	—	−5·1
Public authorities, n.e.s.:			
Drawings on long-term loans	—	..	—
Repayments on long-term loans	−1·2	..	−1·2
Direct investment	—	−0·1	0·1
TOTAL PUBLIC AUTHORITIES, N.E.S., LONG-TERM	−1·2	−0·1	−1·1
Private:			
Direct investment capital	9·6	0·5	9·1
Other capital transactions	−1·3	0·3	−1·6
TOTAL PRIVATE, LONG-TERM	8·3	0·9	7·5
TOTAL LONG-TERM CAPITAL TRANSACTIONS	2·0	0·8	1·3
II. Autonomous resident increase in open-market investments abroad[2] (increase −, decrease +)	..	4·5	−4·5
III. Autonomous non-resident increase in balances in open-market investments in Rhodesia[3] (increase +, decrease −)	−0·7	..	−0·7
IV. Compensatory finance:[4]			
Short-term creditors/debtors	0·2	0·9	−0·7
Cash balances	..	1·1	−1·1
TOTAL COMPENSATORY FINANCE	0·2	2·0	−1·8
Balancing item, including changes in banking reserves[5]	2·6	..	2·6
V. TOTAL INCREASE IN LIABILITIES/ASSETS	4·1	7·2	−3·0

[1] Loans, equity capital, debenture capital and direct investment—net of redemption payments and stock references.

[2] Autonomous increase in long-term securities by pension funds, trust funds, sinking funds, etc.

[3] Autonomous non-resident increases in balances in Rhodesia and holdings of Rhodesian Government short- and long-term securities—primarily by Zambia.

[4] Changes in working balances or marketable substitutes for working balances by government or the private sector, and changes in the short-term creditor and debtor position.

[5] Banking reserves were only compiled for the monetary area of Rhodesia, Zambia and Malawi during 1964, and the changes for Rhodesia are therefore not known.

BALANCE OF PAYMENTS: CURRENT TRANSACTIONS WITH MONETARY AREAS, 1964

(£ *million*)

	1964
1. All Countries	
Current transactions:	
Imports (f.o.b. or f.o.r. border)	110·3
Exports (f.o.r. border) including gold	143·8
Balance of visible trade payments	33·5
Invisible transactions, net	−30·6
Balance of current transactions	3·0
2. United Kingdom	
Current transactions:	
Imports (f.o.b. or f.o.r. border)	30·6
Exports (f.o.r. border) including gold	38·8
Balance of visible trade payments	8·2
Invisible transactions, net	−17·9
Balance of current transactions	−9·7
3. South Africa	
Current transactions:	
Imports (f.o.b. or f.o.r. border)	32·5
Exports (f.o.r. border) including gold	12·5
Balance of visible trade payments	−20·0
Invisible transactions, net	−12·5
Balance of current transactions	−32·5
4. Zambia	
Current transactions:	
Imports (f.o.b. or f.o.r. border)	6·4
Exports (f.o.r. border) including gold	40·6
Balance of visible trade payments	34·2
Invisible transactions, net	12·4
Balance of current transactions	46·6
5. Malawi	
Current transactions:	
Imports (f.o.b. or f.o.r. border)	1·8
Exports (f.o.r. border) including gold	7·3
Balance of visible trade payments	5·5
Invisible transactions, net	0·1
Balance of current transactions	5·6
6. Other Sterling Area Countries	
Current transactions:	
Imports (f.o.b. or f.o.r. border)	6·1
Exports (f.o.r. border) including gold	7·8
Balance of visible trade payments	1·7
Invisible transactions, net	−1·0
Balance of current transactions	0·7

	1964
7. Sterling Area	
Current transactions:	
Imports (f.o.b. or f.o.r. border)	77·3
Exports (f.o.b. border) including gold	107·0
Balance of visible trade payments	29·7
Invisible transactions, net	−18·9
Balance of current transactions	10·8
8. Dollar Area	
Current transactions:	
Imports (f.o.b. or f.o.r. border)	7·6
Exports (f.o.r. border) including gold	5·6
Balance of visible trade payments	−2·0
Invisible transactions, net	−0·8
Balance of current transactions	−2·8
9. European Countries, n.e.s.	
Current transactions:	
Imports (f.o.b. or f.o.r. border)	13·9
Exports (f.o.r. border) including gold	20·0
Balance of visible trade payments	6·1
Invisible transactions, net	−3·6
Balance of current transactions	2·5
10. Rest of World	
Current transactions:	
Imports (f.o.b. or f.o.r. border)	11·5
Exports (f.o.r. border) including gold	11·2
Balance of visible trade payments	−0·3
Invisible transactions, net	−5·9
Balance of current transactions	−6·2
11. International Agencies	
Balance of current transactions	−1·3
12. Non-Sterling Area	
Current transactions:	
Imports (f.o.b. or f.o.r. border)	32·9
Exports (f.o.r. border) including gold	36·8
Balance of visible trade payments	3·9
Invisible transactions, net	−11·6
Balance of current transactions	−7·7